Hearing on Modernizing Social Security's information technology infrastructure
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COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

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C O N T E N T S
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WITNESSES

Kimberly Byrd

Deputy Assistant Inspector General for Audit, Financial Systems and Operations Audits, Office of the Inspector General, Social Security Administration
Witness Statement [[PDF]]

William Hayes

Principal Engineer, Software Engineering Institute, Carnegie Mellon University
Witness Statement [[PDF]]

Robert Klopp

Deputy Commissioner, Chief Information Officer, Social Security Administration
Witness Statement [[PDF]]

Valerie Melvin

Director, Information Management and Technology Resources Issues, Government Accountability Office
Witness Statement [[PDF]]

Richard E. Warsinskey

President, National Council of Social Security Management Associations
Witness Statement [[PDF]]

Hearing on Modernizing Social Security's information technology infrastructure

U.S. House of Representatives,
Committee on Ways and Means,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:04 a.m., in Room B-318, Rayburn House Office Building, Hon. Sam Johnson [chairman of the subcommittee] presiding.

Chairman <u>Johnson.</u> Well, good morning and welcome to today's hearing on modernizing Social Security's information technology infrastructure. From seniors receiving Social Security benefits to young parents whose infants need Social Security numbers, Social Security's IT infrastructure touches on the lives of nearly every American. Hundreds of computer programs, thousands of servers, and millions of lines of computer code make up Social Security's IT. But even though it is so important, Social Security's IT hasn't kept up with the advances in technology.

Today, when smartphones are common, Social Security still relies on computer code so outdated they don't even teach it in classrooms--unless you all teach some of it. So Social Security has to spend time and resources training workers in ancient computer languages, like COBOL, or rehire retirees to update its programs, because they are the only ones who know how.

Social Security has new hardware, new computers and new data centers, but their software is out of date and hasn't been updated in years. Looking at a computer in a Social Security field office, you might think you have been transported back to the 1980s. Social Security still has many green screen programs. For those of you who may not remember, an example of a green screen is on the TVs. I can't tell you the last time I saw one of those.

  And, as we will hear today, this old technology makes it difficult to keep younger workers, who grew up using lots of technology. And, worse, there is a true cost to the old technology, because it takes Social Security employees longer than it should to do a simple task. That is time that can't be spent helping another claimant, processing earnings information on disability insurance beneficiaries or answering the phone.

We will hear today that Social Security's employees lose 20 minutes each day due to technology problems. With an agency as large as Social Security, this adds up quickly. And this wasted time costs Social Security nearly $200 million each year.

For years, I have been sounding the alarm on the state of Social Security's outdated and aging IT. And the good news is Social Security has finally recognized it has a problem. In this year's President's budget, Social Security admitted the patchwork approach isn't working, and it is time to overhaul the entire system.

Today, we will learn how Social Security plans to take on this massive program. It won't be easy, but Social Security has to get it right and the American people expect nothing less. But we will also hear today that Social Security's track record isn't always good when it comes to IT. Social Security has been trying for years to develop the Disability Case Processing System, DCPS, a single piece of software that will be used by State employees when deciding disability cases. The experience with DCPS has been rough for taxpayers and doesn't inspire all that much confidence.

While it seems the project might be getting on track, you can't just ignore $300 million in taxpayer dollars spent on a failed approach before Social Security decided to just start over. Yet Social Security had no problem asking for $300 million to redo its entire IT system without sharing a plan for how it was going to do it, the same amount that they spent on DCPS with nothing to show for it.

The American people have the right to be skeptical. Trust is something that is earned, and it is earned by plans that can be followed, staying within a budget, and getting the job done on time, if not early. Make no mistake, Social Security must modernize its IT infrastructure, but they have to do it responsibly. This cannot be some runaway project with costs spiraling out of control or, a few years from now, starting over from scratch after spending hundreds of millions of dollars. Social Security has to get it right the first time.

Thank you all for being here. I will now recognize Mr. Becerra for his opening statement.

Mr. <u>Becerra.</u> Mr. Chairman, thank you very much and thanks to the witnesses for being here.

The Social Security Administration has an indispensable job, ensuring that all Americans get their earned Social Security benefits on time and in the correct amount. No agency serves more Americans with more critical services and activities than the Social Security Administration. One in four American families receives income from Social Security.

Last year, SSA, the Social Security Administration, ensured that more than 60 million Americans were paid their earned Social Security benefits, that they completed more than 8 million new applications, benefit applications, that they served more than 40 million

in-person visitors and received over 66 million calls to over 1,200 field offices nationwide.

SSA's IT was state of the art when it was developed. And SSA has over its history repeatedly harnessed technology to improve efficiency, productivity and customer service. But that was then. SSA had state-of-the-art systems in the 1970s, but today those legacy systems are increasingly obsolete. They are expensive to maintain, prone to breakdown, and difficult to reprogram.

Modernizing SSA's IT infrastructure has been a challenge, as budgetary constraints have limited the agency's ability to invest beyond maintaining its current systems and implementing small upgrades to its existing infrastructure. Since 2010, the Social Security Administration's basic operating budget has been cut by 10 percent after adjusting for inflation. At the same time, the number of beneficiaries has continued to steadily increase, rising by 7 million people since 2010. These cuts have squeezed all aspects of the agency's operations, including its capacity to keep its IT up to date.

I am glad that SSA is making a thoughtful assessment of its current IT infrastructure and determining what it will need to bring it up to date, but none of this can happen without resources. Without an additional investment from Congress dedicated to building a modern, agile, and cost-efficient infrastructure, SSA's systems will become even more slow, expensive to maintain, and at risk of catastrophic failure.

I am glad one of our witnesses, Rick Warsinskey, is here today to tell us real-world effects of the agency's aging IT systems. Rick represents the managers of more than 1,200 Social Security field offices and teleservice centers. His workers report that they lose about 20 minutes a day to computer problems. It can take 10 minutes to restart a computer and get back online, sometimes while the beneficiary is standing there waiting.

But despite these clear problems, just yesterday, the House Appropriations Committee approved a bill that cuts the agency's fiscal year 2017 operating budget below what it received this year in 2016. It cuts it by over $263 million, which means that it is a cut of about $1.2 billion for the agency that it needs -- more than it needs to be able to do its work on time.

Mr. Chairman, we all have work to do. SSA has important work to do. Congress has work to do to help them out as well. I hope that we recognize it is a chance for us to help the Social Security Administration do what it must for the tens of millions of people who rely on the agency and not only rely on it, but pay, pay taxes into Social Security, to make sure that they got the service and the work out of the agency that is necessary for these folks, these tens of millions of Americans who work very hard for this country, to get their benefits that they earned.

And so it is time for us to work together with the Social Security Administration to make sure that they have the resources and the talent to provide all Americans who paid into the system the services that they deserve, the type of treatment they expect. And so when

they call on that 1-800 number or if they go visit an office, they will be treated with respect, they will be treated with dignity, because they will know that their government, our country is working for them.

And so I am very glad that our witnesses are here with us today, look forward to their testimony, and look forward, Mr. Chairman, to working with you and all our colleagues here in this committee to make sure that we can get this done on behalf of the American people.

With that, I will yield back the balance of my time.

Chairman Johnson. Thank you, Mr. Becerra.

You know, I have never been in a Social Security office that they haven't been friendly, kind, courteous and very efficient.

As is customary, any member is welcome to submit a statement to the hearing record.

Before we move on to our testimony today, I want to remind our witnesses to please limit your oral statements to 5 minutes.

However, without objection, all of the written testimony will be made part of the hearing record.

We have five witnesses today. Seated at the table are Robert Klopp, Deputy Commissioner, Chief Information Officer, Social Security Administration; Richard Warsinskey, president, National Council of Social Security Management Associations, Kimberly Byrd, Deputy Assistant Inspector General for Audit, Financial Systems and Operations Audits, Office of the Inspector General, Social Security Administration; Valerie Melvin, Information Management and Technology Resources Issues, Government Accountability Office; William Hayes, principal engineer, Software Engineering Institute, Carnegie Mellon University.

So, welcome, to all of you, thank you for being here.

And, Mr. Klopp, please proceed.

STATEMENT OF ROBERT KLOPP, DEPUTY COMMISSIONER, CHIEF INFORMATION OFFICER, SOCIAL SECURITY ADMINISTRATION

Mr. Klopp. Thank you, Chairman Johnson, Ranking Member Becerra, and members of the subcommittee.

As I was introduced, I am Rob Klopp. I am the CIO and Deputy Commissioner of Systems at the Social Security Administration.

I want to provide testimony to you directly from the plan that we put together and presented to you guys. It is a plan that I would like to put into the record right now, because I think that it is really what we are going to try to do going forward. So if you could get the plans out that we provided to you and open to page 5, I am going to skip very quickly through what I think are the key parts of this plan. Page 5 basically describes the outcomes that we believe will be the result of IT modernization at Social Security.

You know, it is important to think about IT modernization as really about technical outcomes. It is about modernizing technology and stuff like that. There are some really important outcomes from a modernization effort. We think that we can move to cloud computing and substantially reduce the cost to compute and for storage and the ongoing cost of operating the agency.

We think that there are some technical techniques that we can use, called service-oriented architectures, that allow us to build software in a way that makes it easier to extend new policies and ideas. For example, some of the changes that came out of the balanced budget amendment, which Congress passed, we think that we can more easily and more cost-effectively implement them.

We think that we can build shared services so that what we do can be shared with other agencies of the government and also that we can share what some of those other agencies are doing if we have modern technology at the core.

Finally, if we build analytics into the things that we build at a fundamental level, we will be able to be more data-driven in our decision making. We will also be much more responsive to the data-driven requests that come from you. There are critical technology outcomes that come from IT modernization. Probably most important to you is going to be cost reduction. But, if we go about modernizing IT infrastructure, it is really important that we not miss the opportunity to also modernize the business processes: the fundamental way that we engage with the citizens.

Modernizing business processes probably adds a little bit of cost and expense to just modernizing the foundational IT, but I think that we have to do that going forward. So, on page 5, you will also see that we believe that if we modernize IT and we take advantage of this effort to actually change the way we do business that we have the ability to potentially reduce overpayments, that we have the ability to improve the automatic programmatic quality assurance systems that we have in place that improve the quality of the services we deliver, that, as was already noted, we can improve the productivity of the employees to the benefit of the citizens, you know, by reducing wait times and stuff like that. We believe that, very importantly, we can do more self-service applications so that citizens can engage with us more directly and not have to come to field offices in the first place.

We have giant processing centers in Social Security and, to a large extent, the processing centers are in place today to handle all of the things that our legacy software doesn't

handle. So every edge case, every outlier that pops up in the system ends up going to these processing centers and is handled manually. We believe that with IT modernization, we can eliminate some of that manual processing completely.

And, finally, we think that we can apply technology in order to actually help us with some of the decisions that we have to make, and that will allow us to be more effective at things like adjudications.

So, importantly, there are outcomes that come out of IT modernization, some of which are technical, but, to a large extent, the more important ones have to do with business outcomes. And it is important that we don't miss the business outcomes because we title this IT modernization, which might otherwise imply just technology.

If you skip to the next page on the scope of what we want to achieve, you can see that we are going to go after the heart of the systems that are in the Social Security Administration.

The scope includes a complete rewrite of title II systems; of title XVI systems; of our notices application, which is how we currently communicate with the citizens of the country; enumerations is our application that we actually use to create Social Security cards; and earnings, which is how we keep track of the money that people have contributed to help determine how much their benefits might be. We think that we can modernize these five applications as the scope of modernization and fundamentally change the way we engage with citizens. Importantly, we also want to modernize and reduce some of the costs of our back office. So, in our plan is an attempt to actually take our email infrastructure and move it out of our in-house data centers into the cloud for further cost reductions.

Page 7, I think, is what is most important and probably the newest part of this plan, and that is that we built a roadmap that basically addresses how we think we are going to go about modernizing these five applications. You know, it would probably take more than I can get through in 5 minutes to talk about this stuff, but I want you to know that the work we put into coming up with these estimates, you know, when we walked out of the room, people looked at me and said, this is probably the best that we have ever done as an agency in trying to estimate in advance what the GAO would call a rough order of magnitude, which is all that is expected at this stage. So we think that these estimates are extremely accurate, and we feel really, really confident that we can actually do what is on this chart.

Slide 8 basically talks about our approach, which is about --

Chairman Johnson. Can you tie it down? Your time is expired already.

Mr. Klopp. Okay.

Chairman Johnson. Go ahead.

Mr. Klopp. Oh, I'm sorry. So I just want to say we are going to approach this with agile methods, and I think you know something about that. Agile methods are really the key to being able to do this in a completely different way than how we addressed DCPS before, and that is why we think we will have different results.

And then, finally, I just want to say that agile creates some interesting challenges in the way you implement oversight, and we believe that in this plan that we have provided mechanisms to allow that oversight to happen, even though the plan will be agile. The mechanisms will help you guys keep on top of us to make sure that this is not another DCPS experience. I will just wrap up by saying: we think that we are going to approach this fundamentally differently than the DCPS experience. We think that we are proving through some other things that we are doing that we can effect these approaches and that, you know, we deserve your confidence because of these things that we have done in the last year to prove this, that we can actually go move forward and make this happen.

Insert: SSA IT Modernization Plan

Chairman Johnson. Thank you for your testimony.

Ms. Byrd?

Okay.

Mr. Warsinskey, would you like to testify, please? You are recognized.

STATEMENT OF RICHARD E. WARSINSKEY, PRESIDENT, NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS

Mr. Warsinskey. Chairman Johnson, Ranking Member Becerra and Members of the Subcommittee, my name is Rick Warsinskey, President of the National Council of Social Security Management Associations. Our organization represents Field Office and Teleservice Center management nationwide. I appreciate the opportunity to testify today.

My testimony will focus on why modernizing SSA's IT infrastructure is essential from the perspective of over 60,000 employees and, even more importantly, to the customers we serve. Ask any SSA employee what their number one concern is, and most will tell you it is the frustration they face getting their job done due to our slow system. Daily, we wait as our computers crawl from one system's window to another. Around noon Eastern time, our system reaches peak usage, as almost all offices are open to serve the public. Users watch the spinning wheel as programs and screens attempt to load. Valuable time is lost which should be used to assist customers or address backlogs. Based on our recent survey, we believe this costs the agency upwards of $200 million per year in lost productivity.

We can demonstrate the degradation of SSA's systems by analyzing data speed tests. We surveyed our offices and found that these tests measured a median download speed of 2.87 Megabits per second and an upload speed of .25 Megabits per second. This speed is slower than what we measured last year. In comparison, Internet providers typically provide over 20 times this speed in your home. This degradation and data speed supports overwhelming feedback that our system is slowing down. Our customer service and productivity are not only dependent on reliable systems access but also on efficient programs. SSA programs are becoming more complex, and experiencing more malfunctions. Our computers regularly become nonresponsive, applications inaccessible, requiring a system reboot. It can take up to 10 minutes to restart a computer to get back online.

We strongly support resources for modernizing SSA's code and rewriting its programs. SSA's systems require new architecture. We understand modernizing SSA's computer systems will require resources and time. However, failure to address these critical concerns will delay the inevitable and costs will only increase. In the meantime, severe disruptions of service will intensify as the system further degrades. Our agency touches every American. We maintain billions of records, paying about a trillion dollars a year. Payments must be made accurately to ensure tax dollars are not wasted.

The current inefficient, outdated system cannot keep pace with the services SSA must deliver each day, costing us millions of dollars. We acknowledge there are budget challenges to addressing SSA's IT infrastructure needs, especially considering SSA's increasing workloads, which include a record high hearings backlog of over 1.1 million cases waiting for a decision. These cases represent vulnerable citizens facing the possibility of homelessness and severe health deterioration, often without the means to pay for care. SSA's program service centers have a near record high pending backlog of over 2.8 million cases, with an average age of 4 months. These centers are responsible for workloads that usually require manual processing due to limitations in SSA's software.

The American public deserves an SSA with adequate resources to support the agency and its systems. We recognize budget dollars are limited. However, we strongly believe dedicated and sustained resources for the modernization of SSA's IT infrastructure are necessary to ensure the agency can run efficiently, saving tax dollars. The longer we delay addressing these issues, the more severe disruptions will occur, risking major systems outages.

Thank you again for this opportunity to testify. I would welcome any questions you have.

Chairman Johnson. Thank you, sir.

You know we built two computer centers brand new not too long ago. That was supposed to solve all your problems.

Thank you. Ms. Byrd, you are recognized.

STATEMENT OF KIMBERLY BYRD, DEPUTY ASSISTANT INSPECTOR GENERAL FOR AUDIT, FINANCIAL SYSTEMS AND OPERATIONS AUDITS, OFFICE OF THE INSPECTOR GENERAL, SOCIAL SECURITY ADMINISTRATION

Ms. <u>Byrd.</u> Good morning, Chairman Johnson, Ranking Member Becerra, and members of the Subcommittee. Thank you for the invitation to testify today. SSA administers programs that result in payments of $2.5 billion per day, and holds sensitive data for more than 300 million people. Given SSA's increasing service and data storage responsibilities, the agency must modernize its IT infrastructure. It is a significant challenge to upgrade the IT systems that an organization as vast as SSA needs to conduct business. However, the agency must make IT modernization a top priority.

The need for long-term IT planning has been a concern at SSA for many years. As far back as 1982, SSA announced aggressive plans to restructure and upgrade its systems. At the time, the agency told Congress that, without major IT improvement, SSA could suffer a disruption of services which are critical for millions of Americans.

Despite upgrading several systems, SSA has yet to tackle some of its major IT projects, such as replacing its legacy programming code and databases. Specifically, SSA continues to rely on decades-old applications to process core workloads, such as retirement and disability claims. Many of the agency's applications run on COBOL, a programming code first developed more than 55 years ago. Further, SSA's workforce, while proficient and experienced, is aging. Thus, institutional knowledge of older technologies is diminishing due to retirement. Modernization is critical, because SSA's next generation of employees will expect to work with current, mainstream technologies.

In its Information Resources Management Strategic Plan, SSA outlines general multi-year efforts to modernize data so it exists in forms that are widely used today; rewrite business applications with modern coding so those applications can interact with SSA's online and mobile service; and move servers to environments like the cloud, that could increase efficiency. All of these efforts are worthwhile. But going forward, SSA should describe specifically how and when it will bring these ideas to fruition.

Long-term strategic planning is critical to any significant IT project. For example, the Disability Case Processing System, or DCPS, is one of SSA's largest active IT investments. SSA began planning this project in 2008. During development, DCPS has incurred cost overruns and schedule delays. After development resulted in limited functionality and user concerns, SSA reset the project last year and changed its approach. The agency moved DCPS to an agile environment, which is expected to deliver software updates incrementally. Agile practices are relatively new to SSA. Implementing them on a project as complex as DCPS could introduce additional risks.

At the end of fiscal year 2015, SSA reported it had spent more than $350 million on DCPS. Going forward, the project requires diligent oversight and continued user involvement. Also, any IT modernization plan should address SSA system security. In our most recent FISMA report, we identified a number of weaknesses that may limit SSA's ability to adequately protect its systems. The risk and severity of these weaknesses met OMB's definition of a significant deficiency in internal controls, a conclusion that we have reached in prior FISMA reports. SSA needs to address these weaknesses to protect its information systems, just as the agency works to ensure the integrity of its benefit programs.

To conclude, SSA needs a detailed IT plan that clearly outlines how it will modernize its databases, applications, and infrastructure, so agency employees can work effectively and SSA customers can receive timely, accurate services. Of course, we will continue to monitor these issues closely and work with SSA and the Subcommittee.

Thank you again for the invitation to testify, and I am very happy to answer any questions.

Chairman Johnson. Thank you, ma'am.

Ms. Melvin, welcome. Please proceed.

STATEMENT OF VALERIE MELVIN, DIRECTOR, INFORMATION MANAGEMENT AND TECHNOLOGY RESOURCES ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE

Ms. Melvin. Good morning, Chairman Johnson, Ranking Member Becerra, and members of the subcommittee.

Thank you for inviting me to testify on modernizing SSA's information technology. As you know, the agency relies heavily on IT resources to accomplish its mission, and as has been emphasized, SSA's IT environment is aging, with the agency reporting that some of its systems are more than 30 years old.

Over the years, SSA has undertaken various projects aimed at updating and improving its systems and infrastructure and, as noted today, it recently announced a new plan to pursue an agencywide modernization initiative. Our prior reports on SSA's IT identify numerous challenges that impeded the agency's ability to effectively manage and modernize its IT, and at your request today, my testimony summarizes results from those reports. Further, in anticipation of the new modernization initiative, the testimony highlights selected practices that we have identified as essential to effectively planning for and managing modernization efforts.

Overall, our prior work identified weaknesses in SSA's systems, development practices, IT governance, requirements management and strategic planning, among other areas. For example, we previously noted that the agency had proceeded with implementing an

earlier disability system without consistently applying established procedures to guide the systems development and without conducting adequate testing to evaluate the performance of all system components collectively. Additionally, the agency's IT modernization approach had not included an updated IT strategic plan to guide its efforts. Weaknesses such as these hindered SSA's ability to successfully deliver the new capabilities.

We made numerous recommendations to address the weaknesses we identified, and the agency agreed with some, but not all of them. Overall, the agency has continued to be challenged in its efforts and currently faces increasing costs to operate and maintain its at-risk legacy systems.

Our work has shown that successfully acquiring and modernizing IT depends on Federal agencies, including SSA, having effective management and oversight processes in place. Otherwise, investments frequently fail, incur cost overruns and schedule slippages, or contribute little to the missions-related outcomes.

With this in mind, we have identified a set of essential and complementary management disciplines that provide a sound foundation to support IT modernization efforts. These include, among others, strategic planning to define what an organization seeks to accomplish and how it will achieve the desired results, IT investment management that includes an investment board and effective investment oversight, systems development and acquisition practices that include defining the requirements, managing project risks, and reliably estimating costs, and leadership for driving change, providing oversight and ensuring accountability for results.

Given the longstanding challenges with its IT management and modernizations, it is important for SSA to have in place a clearly established, rigorous and disciplined approach for its latest efforts to modernize its IT. The management disciplines noted provide a sound foundation for doing so. Otherwise, challenges like those that SSA experienced in its past initiatives could continue to be an impediment to the agency achieving the more modernized IT environment necessary to support its service delivery mission.

This concludes my oral statement, and I would be pleased to respond to your questions.

Chairman <u>Johnson.</u> Thank you, ma'am.

Mr. Hayes, welcome. You may proceed.

STATEMENT OF WILLIAM HAYES, PRINCIPAL ENGINEER, SOFTWARE ENGINEERING INSTITUTE, CARNEGIE MELLON UNIVERSITY

Mr. <u>Hayes.</u> Chairman Johnson, Ranking Member Becerra, members of the subcommittee, thank you for the opportunity to address you today.

My name is Will Hayes and I am a member of a research team at the Software Engineering Institute, a federally funded research and development center operated by Carnegie Mellon University. For over seven years, we have been working with major software-intensive programs across the government, where a great deal of experience is accumulating about agile. My testimony today will focus not on the Social Security Administration but on what we at the Software Engineering Institute have learned about agile development in government settings. Our research encompasses both successful and failures in applying agile approaches. In our work as a federally funded research and development center, it is our goal to help others benefit from this experience base.

It bears mentioning at the outset, agile cannot solve all your IT transformation problems. As you may know, agile software development is typified by small, cross-functional teams working in short iterations to deliver software capabilities incrementally. Our research in large programs indicates that there are several factors that are essential to successful application of agile development at scale: effective communication between leadership and developers; alignment on strategy across teams and roles; and a workforce experienced in the disciplined application of software engineering methods, such as architectural analysis, cyber security practices, and building sustainable systems, among other things.

Make no mistake, to consistently deliver working software on a short timeframe and to do this over the course of months or years requires a tremendous amount of discipline and ongoing planning. For those charged with oversight responsibilities, we must recognize that agile at scale is different from traditional approaches, and this process requires a different approach to oversight.

Agile methodologies place a premium on consistent use of short iterations, with stable staffing dedicated to a single stream of technical work. This new cadence offers more oversight opportunity but with different measures of success. For example, short-term deviations in cost and schedule are much less likely to occur under such a regime. Leading indicators of performance that rely strictly on cost and schedule information will not serve us the way they have in the past. We will need to understand performance in terms of delivered value rather than resources consumed.

In agile, there is a strong emphasis on uncovering user needs for the system through collaborative interaction. Given this focus, we have the opportunity to assess the quality of the software products based on how well they support the mission of the user base. This focus on quality in terms of user value is seen by many to be superior to an exclusive focus on software defects and technical data. Agile moves the focus away from reliance on detailed and comprehensive specifications as the primary way of assessing the technical challenge to be solved. Incremental development allows teams to hone their understanding of real user needs as the system is implemented in waves.

Agile development emphasizes full-resolution visibility into near-term work and a less detailed focus on the work to be done later. This approach to managing the inevitable change in what we demand of our IT systems when implemented with strong leadership

and a well-considered roadmap has helped government programs to deliver systems that are better suited to their intended use.

There are a number of potential challenges to using agile approaches in government settings that still remain. First, it is not yet clear how we will build the capacity for government personnel to interact more frequently with developers. Our Federal workforce must continue to accomplish more each year with limited ability to add resources.

Second, government personnel overseeing software systems must be able to consider broad-reaching impacts of their technical strategy over the long term. A focus on short-term technical goals to the exclusion of a sense of building for the future can be a destructive force. This can inappropriately constrain the budgetary decisions we must make.

Lastly, we must continue to battle the recurring software challenges that have been pervasive for decades. This includes managing technical debt and making timely modernization investments. We have a long tradition of deferred maintenance to overcome. Just as we might worry about the condition of roads and bridges in our country, we need to be mindful of the work we defer in our software systems.

In conclusion, I would like to suggest two broad focus areas for government on these matters: First, we need to start asking different questions about software systems in which we invest. We need to focus on what the software system enables and how the work supported by the system is improved by the capabilities we deploy. Second, a focused workforce development effort is needed to develop the skills necessary to utilize these new methodologies.

It is an honor to participate in this process, and I will be happy to answer any questions you have. Thank you.

Chairman Johnson. Thank you, sir.

It seems like we should have gone over all those things when we built the new centers, right?

Mr. Klopp, the President's budget requested $300 million to modernize Social Security, and after asking for months for a plan, this week, Social Security finally provided something to the Congress. Given that Social Security already wasted $300 million on the Disability Case Processing System before starting over -- money taxpayers can't get back -- I want to ask you, are you confident that the proposed $300 million will cover the entire modernization project, as the budget claims?

Mr. Klopp. First, I guess I would just get out of the way the fact that the DCPS stuff and the $300 million that was spent before was spent before I got here, all right.

What I did was, about 9 months ago, started the agency on a path to build the plan which is now in front of you, and as you can imagine, building a plan as comprehensive as a plan to modernize all of the IT infrastructure, 9 months is not a bad effort. The plan has been in continuous improvement. And, you know, frankly, we have briefed your staff continuously over the course of that 9 months, so there is really very little in the plan that was new and a surprise. What was new was the roadmap and cost model that we built in the plan, and so I am hoping that later on we will have some questions that will let me go into that in more detail. What I will tell you is that the cost model also has been built up iteratively over the course of the last 9 months.

We believe, at this stage, that the model that we have put together and the commitments that are implied by the roadmap that are in the plan are extremely high quality. We worked very hard to create what GSA would call a rough order of magnitude estimate that is extremely high fidelity. So we think we can do what is in the plan. We believe that the effort that we put into building up those cost models is a level of effort that is not usually seen in the government in building a rough order of magnitude, and I stand behind it.

Chairman Johnson. Well, are you protecting taxpayer dollars, is what the question is, and are you going to stay on budget?

Mr. Klopp. You know, I think we are going to stay on budget. I think, you know, one of the things that Mr. Hayes said that I think is really important to keep in mind is that, in this new agile world, what we focus on is trying to deliver value every time we go through an iteration, an agile iteration. And so we think that the agile process is going to allow you to look at the things that we have in the backlog, the amount of money that we are spending as a run rate and, at a very regular interval, be able to determine whether or not we are adding the value with these increments that we claim we are adding.

I think that agile is less about defining an end point in advance and driving to that end point and then declaring that we have hit something on time and on budget. So we are going to use agile. We are going to expect you to watch over us like a hawk. And we think that we will be able to consistently deliver value through this entire plan.

Chairman Johnson. Let me ask you a little different question. You know, you are a political appointee and that means, January, are you going to leave Social Security?

Mr. Klopp. We will see, right? I don't have a long-term contract, right?

Chairman Johnson. What are you doing to make sure that this project stays on track once you leave?

Mr. Klopp. So we think that we have detailed plans that we are going to put in place, but right now, we are at the stage where the detailed plans are highly dependent on the $300 million request we have for additional funding. If we don't get the $300 million, I think that the plan really completely unravels. We are undergoing some pretty severe budget

cuts, and it is going to impact IT I think more than anywhere else. So I don't see much opportunity for us to take on IT modernization without the additional funding.

Chairman Johnson. Thank you.

Ms. Byrd and Ms. Melvin, you have seen the impact of turnover in Social Security, what else should be done to make sure that taxpayer dollars are not wasted? Either one of you.

Ms. Byrd. So I will go first. From the OIG perspective, what we really want is a long-term plan. We can't have an annual plan that then goes away. As I mentioned in my oral testimony, SSA has gone back 25 years in saying that this must happen, and we are now here again today discussing this modernization effort.

So what we would like to see is a very detailed plan going forward that is sustained beyond one year, beyond one administration.

Chairman Johnson. Well, you know, when we built those two processing buildings, they told us that was the end of the problem, and it hasn't seemed to happen. I am out of time. I am going to recognize Mr. Becerra.

Thank you for your comments.

Mr. Becerra. Mr. Chairman, thank you for this hearing, and I hope we are able to follow it up with more, because I think it has become very clear that we need to do something, but we have to make sure that whatever that something is, it is going to work.

May I suggest, Mr. Chairman -- we were just chatting a second ago -- that we try to bring together the Inspector General's Office, GAO's Office, who are watchdogs, sit them down with Mr. Klopp and his folks, and that we, the Members of Congress, those of us who sit on this committee of jurisdiction, we get to sit with you all to hear what is going on, because if you are going to ask for the money, I think we want to have a sense that it is going to work.

And, as Ms. Byrd just said, this is a long-term project. And as Mr. Klopp just said, you are going to need the money. You can't do a long-term project without knowing you have got a stable source of funding to help it happen. And I think what you are probably going to hear from this dais is that people want to know if you are going to get the money, there will be a product that works at the end.

And I don't think we have much more time to wait or waste, right, because my understanding is it is getting worse every day. You are running out of broadband. Your folks are taking longer and longer to access information, and you are getting more and more people coming through the doors of Social Security offices. And so I think it becomes really important for us to work on -- it is almost like diving out of the plane together. We all have to trust that we will all know how to pull each other's parachute

string at the right time, and we can't afford -- failure is not an option if we are all hanging together.

I think it is also going to be important, as Mr. Hayes has testified, to have someone from the outside, especially those who are doing this and have done it well, to instruct us, because sometimes we get in our shells and don't recognize all the best technologies that are out there or some of the failures that can inform us.

Ms. Byrd and Ms. Melvin, do you think your offices would be willing, if the chairman and members on this committee were interested, in sitting down, not necessarily having to do a hearing but just to sit down, to have a working group, that your offices would be willing to participate in that?

Ms. Byrd. Absolutely.

Ms. Melvin. Yes, definitely, we could.

Mr. Becerra. Mr. Klopp, I don't know if you can speak for everyone at Social Security, but would you be interested in participating in something like that? Would your folks at SSA sign off on allowing you to have additional meetings with Members of Congress who are interested in following up with you on this?

Mr. Klopp. Absolutely. I think we have already tried to engage with your staff much more effectively than maybe has been going on in the past.

Mr. Becerra. Mr. Warsinskey, do you think that that would be something that the folks who actually have to do this on the ground that you represent would be supportive of?

Mr. Warsinskey. Very much so. I think that is the key, with everyone getting together and being on the same page and going the same direction.

Mr. Becerra. And, Mr. Hayes, I am assuming that you think it is better to look from the inside versus from the outside at how this is happening, because all of us, whether we are in the Federal Government or not, are going to deal with Social Security at some point in our lives.

Mr. Hayes. Yes, sir.

Mr. Becerra. So, Mr. Chairman, I would really urge us to really see if we can sit down, whatever you all think is a good group, to just try to follow this up, because I think the chairman's admonition is absolutely correct: We can't afford to have someone come up here and say, you need the resources, whether it is to have those new buildings that we are going to house a lot of the IT capabilities, move forward, then all of a sudden find that it is just not cutting it.

And I hope that what we will do is we will get a clear sense of the path on the budget numbers that you really need, because, well, as you just saw, yesterday the Appropriations Committee actually cut SSA's budget and, as I think, Mr. Klopp, you mentioned, it would be impossible to move forward on any IT improvement if your budget is cut. And so I think people are going to demand some real precise numbers to feel comfortable about allocating the resources for this without taking it from another very important aspect of Social Security Administration's work. The last thing we want to do is take it from Peter to give it to Paul.

Is there something, Mr. Warsinskey, that we should know that the folks, the frontline folks would like Members of Congress to know, in terms of how we could do this and do it right?

Mr. Warsinskey. I think, as I was saying in my testimony, that our biggest concern right now is that, as we interview the public, every member that walks in, they are waiting longer. Our interviews are taking longer. Every part of our work is just -- there is a frustration building, because, especially in the middle of the day where you are just waiting for things to move. The Social Security employees are really under the gun to move, use every second they can. They need to use every second. It is very frustrating when they can't use the time they have to do something.

Mr. Becerra. I appreciate that.

Mr. Chairman, thank you for holding this hearing.

Thank you to all the witnesses for their testimony.

Chairman Johnson. Thank you, sir.

Mr. Smith, you are recognized.

Mr. Smith. Thank you, Mr. Chairman.

And thank you to our witnesses.

Mr. Klopp, how far along would you say you are in this plan? I mean, there was the assertion made previously that some of the documentation and so forth is brandnew. How far along would you say you are?

Mr. Klopp. So I have been at SSA for about 18 months, and it is so apparent the minute you get there that IT modernization is almost an existential problem. About 37 percent of our staff will be eligible to retire in the next 5 years. So IT modernization is something we jumped on right away.

What we have done in the last 18 months is to start the cultural change to get our heads wrapped around agile. As Mr. Hayes points out, the workforce, cultural change like that is critically important. But we also started working on the technology.

So we are now at a point where we are rolling out our first production applications in the cloud. We are building applications using very modern software languages like Node.js, and we are using agile in an agile way. I think we are doing well at that. So a lot of the 18 months has been preparation to be in a position where we could actually execute on the plan. The plan itself has really probably grown up I am going to say in the last 8 months, and that basically started when we asked ourselves, what would we do if we were going to completely rewrite systems and engage customers in a completely different way? So we started a project that we call Customer Connect.

And, really, the major upgrade that I mentioned, the roadmap and costing, was only -- we could only really do that, without just making really big ridiculous swags, in the last few weeks as the Customer Connect team developed for us descriptions of the business processes that drive the whole agency.

So the answer I think is that we have a toehold. We have a beachhead. The workforce has learned enough to be able to move forward on this thing. And, really, we are just waiting for the funding.

Mr. Smith. So the funding would you say is the largest obstacle?

Mr. Klopp. It is. We have to have the funding.

Mr. Smith. So, once you get the funding, do you see any other obstacles changing or evolving along the way?

Mr. Klopp. You know, it is never going to be perfect, right? But, we think that we can do this. The other thing I think that is important is we have turned DCPS around. We have turned it around by using all these agile modern methods. And it is really DCPS and our ability to develop code in DCPS that has become the yardstick that allows us to come up with these estimates.

We believe, now knowing the kind of velocity that we can get out of programmers in a modern environment and being able to relate the business problems we are solving in DCPS to the business problems that we have to solve if we modernize title II, that we can get this rough order of magnitude and say, yeah, it looks like about the same thing.

So I actually don't believe that there are technical obstacles; I just think we have to get on with it.

Mr. Smith. You know, in the Federal Government, as it relates to dollars being spent and so forth, there are oftentimes a lot of boxes that need to be checked. Oftentimes, those don't have anything to do with quality or efficiency.

Do you feel that you have the flexibility, that there is enough flexibility in the system or, you know, in the surroundings, that there is enough flexibility to get the job done?

Mr. Klopp. That is really a very interesting question. I think you can actually see a little bit of tension at the table here between the agile side of the world, which is really sort of about get on with it, manage things in an iterative way, work very hard to make sure you are adding value with each iteration, as opposed to, you know, the counterview, which is, we have to have detailed plans that lay everything out several years in advance and how we have to work to these detailed plans.

Agile is about agility. It is not about prescriptive plans. And so what we have done is engage the IG and OMB and start trying to find a way to work in this agile way and provide all the value that agile provides and still provide the kind of management oversight on top of this thing to make sure that we are delivering value as we go.

But in the same way that it requires me to retrain my programming staff in how to deal with agile and to deal with some of the cultural concepts that Mr. Hayes suggested, I think that also some of those cultural changes are going to have to impact the way we provide oversight on these things, and it is going to impact folks like GAO and, you know, the Inspector General's Office.

Mr. Smith. All right.

Thank you, Mr. Chairman. I yield back.

Chairman Johnson. Thank you.

Mr. Kelly, you are recognized.

Mr. Kelly. Thank you, Chairman.

And thank everybody for being here.

Mr. Hayes, I am from right above Pittsburgh, so I know the wonderful work that you have done. I am from the private sector, and just as a lead into it, not only you but all of us are going to find out in January if we are still here. So it doesn't really -- we are all in temporary service.

Coming from the private sector, though -- and this is something I have watched now for 5 years I have been here -- we are always trying to find out who to blame for things not working right. But in the private sector, in the business I have been in my whole life, I would have the folks that I work with come to me and say: "Hey, there is a new machine we have to get" -- I am an automobile dealer -- "we need to get this new paint room." And I would say: "How much does it cost?"

And they would say: "$250,000."

And I would say: "Well, how are we going to pay for it?"

They would say, "Well, there is a great loan program, or you can lease it."

I said, "No, no, how are we going to make the payments?" Because if we don't have enough business to cover it, it doesn't make sense. So I would never buy anything -- if it didn't kill more than it ate, it couldn't come in the store.

The problem that you face is huge, because without more people participating -- I am talking about now the labor rate participation. I am not talking about unemployment, because people looking for jobs and not finding a job are the only ones considered unemployed. The people that don't have any hope and aren't even looking for a job aren't considered in the market anymore.

But the real elephant in the room is not the program that you are trying to put forward. The real elephant in the room is the fact that we don't have enough revenue to continue to build a business model that would make sense in the private sector. Nobody in the private sector would sit there and say: "You know what? This is a new program I am going to institute. Let's go ahead with it." Because the next question is, who's going to pay for it? My understanding -- and this is from signing payroll twice a month -- 6.2 percent from the person that is out there working, 6.2 percent matched by the people who pay him or her, 12.4 percent out of every paycheck up to about $118,000.

Mr. Kelly. If we don't get more people back to work, if we don't have a dynamic and robust economy, all of this talk that we are having is just that. It is just talk. You have my -- I think you have around 65,000 people working in Social Security right now. You need a lot of money to update. You need a lot of money to continue to grow. In our business, if we stop spending, we are going to die. We have got to constantly move, all the time, move up, move up, ratchet up. What you are doing is making more people more effective, more efficient through technology. That is the way you fix it. The question is, how do you pay for it?

I think too often we worry here about the political ramifications of, who are we going to blame? Who are we going to blame for us not being able to get there? First of all, Social Security is a business. We have to have more money coming in than going out. It is just that simple. These are not hard things to figure out. Then the question becomes, if we are going to have this constant conflict all the time and it is always a tit for tat and telling us who is responsible for it not failing, the reason it is not working is because we don't have an economy that is functioning right now. You can't do a darn thing about that. We can through policy. We can look at things and say, why aren't we growing? Why aren't we fulfilling our full potential? The answer in most cases is the private sector can't continue under the heavy burden of taxation and regulation and then being held responsible for not providing enough revenue to run the business. See, I look at it just that simple. And all the things you are trying to do are wonderful. But if we can't afford to pay for them, they never get done. So I think I would rather be looking at -- I want to sit down and talk with you. I want to hear from you of how you could fix this, what you

have to do to update, what you have to do to modernize. As you look at the growing number of people on Social Security, we have to make sure that we fulfill that promise to people, but we also have to make sure the model isn't a flawed model that is not sustainable.

Too many programs right now are unsustainable. They were unsustainable from their very concept. From the time they went into effect, they couldn't be held on that long. We knew we couldn't do it. But you know what, if we could just get through the next election, then we would work on it again.

So I appreciate everything you are doing. I mean this sincerely. Anybody gives you a hard time -- listen, you are working for the same people we work for, that is hardworking American taxpayers. And they expect the flat level best from us every single day we come to work. So I don't want to blame you for anything. I want to work with you. I want to finally do it. But you know what? What you need to demand from us is not just more money to operate but a stronger economy that can fund it, because I know where the money comes from. Every single penny comes from a hardworking, American taxpayer. It is in their paycheck. It is matched by their employer, but it only matters if they are working. It only matters if their wages are rising. All of rest of this, we are just chasing ourselves around about the real problem.

The real problem in this country right now is an economy that is not growing. With the assets that we have and the opportunities that we have facing us right now, if we really want to make America great again, then we have to have policies that allow America to be great again and don't hold us down. You need more money to operate, and we need to many could up with policies that will allow the people who fund this wonderful government -- and that is a private sector -- allow them to grow, allow them to succeed, allow them to be profitable, allow them to be a bigger participant when it comes to revenue. And you only do that through working toward a mutual end that is beneficial for everybody.

I have no questions for you because you are all on the right track. The question is, who is going to pay for it? And the answer is the labor force. We have more people working. That is where it comes from. It is not a mystery. The money does not come from the government. It comes from working people who pay taxes. We collect it, and then we redistribute it.

Chairman, thank you for having this.

Mr. Becerra, I agree with you. Listen, if we can't fix this, shame on us. The big thing we have to fix first is our tax system and regulation system because the people who provide all the revenue are the people that we whip every day. We whip them every day, and we hold them responsible for not paying their fair share, and then we make it impossible for them to win. That just doesn't make sense to me, not from the world I come from.

Thank you, Mr. Chairman. I yield back.

Chairman Johnson. Thank you.

Mr. Renacci, you are recognized.

Mr. Renacci. Thank you, Mr. Chairman.

I want to thank you for holding this hearing to further understand the Social Security Administration's IT infrastructure. I also want to thank the panel for their testimony, especially Mr. Warsinskey, who I have had the opportunity to meet with in the past and discuss many of these issues that have been brought up today. Thank you for your service. Thank you for traveling here from Cleveland and everything you do for northeast Ohio.

I take great pride in the work that my office has done in Congress in helping northeast Ohioans access earned Social Security benefits. Oftentimes, I hear from constituents about the struggles they are having with the Social Security Administration and how long it takes for issues to be resolved. One example, Denise from Akron, Ohio, worked with my office for more than 6 months, had her claim resolved after spending 6 months on her own working with the Social Security Administration on her case.

It is clear that the IT infrastructure must be dramatically improved in order for the Social Security Administration to meet the needs of the American people. I was a business owner as well for three decades before I came here. In your testimony, Mr. Warsinskey, you shared results from an SSA employee survey that showed how frustrated Social Security Administration employees are with the current system. It is clear the aging IT structure has not only reduced productivity but negatively impacted the services constituents receive.

You know, it is interesting. Ultimately, frontline employees have to bear that burden. I saw the green screen, which I probably haven't seen since I was in college. And then you talked about COBOL, which I had to chuckle. I remember COBOL. I remember dropping the cards on the floor and having to pick all the cards back up and having to reshuffle them to make the program work. So I hope the COBOL you are talking about isn't the same one I was working on back in college, or we really have some problems with Social Security. But I can tell you that that has to be a problem in retaining high-quality employees.

Mr. Warsinskey, can you tell me how that -- tell me some of the instances? Are you having problems? Especially younger employees, what do they say when they see these screens in COBOL and things they have never probably even heard of.

Mr. Warsinskey. It is interesting when we interview people that are starting out that we tell them that you only maybe know one-millionth of what you are going to learn, because you don't go to college to learn what you get trained in Social Security. We have a completely unique system that we only do. And when they start working, they say, "This is so convoluted." It is very hard for them to really comprehend. They spend a

couple years really just trying to understand all the screens because it is so inefficient and it takes so much time. It is frustrating. And I think we lose staff, and it does affect our morale, many of the new staff members coming in because they learned under a different system just in the way they train. We have issues with just doing online training now because we don't have the bandwidth, and we have to often download things overnight. But the kind of modern way we do training and go about our business is just not there. We are working in a very old system, and I think our staffs would relish seeing this kind of plan that hopefully will provide a great deal of hope for our agency and for our public in the next few years.

Mr. Renacci. I would agree. You just mentioned something about the speeds declining, oftentimes outages throughout the workday that slow process down. Do you have any measure of the amount of productivity hours that are lost due to all of that?

Mr. Warsinskey. Well, in our surveys, we found that, on average, we are losing about 20 minutes per employee per day of productivity. Now that is throughout the day and that is everyone in the field offices. But I talk to people from all over the country, whether they work in a field office or in our headquarters or in the hearings offices or the payment centers, they all have the same frustration with the loss of time because their computers are slowing down, and they are just waiting. So that adds up. I mean, all that time costs money. And then you build all this infrastructure, as I say, with the buildings and everything else you pay for. All of that is supporting the staff. And it is not an efficient use of our tax dollars. And, you know, we could do a lot more with less if we could improve this.

Mr. Renacci. I think your last line was the most important one, and that is the one that I was getting at in the business world which I was in, and you heard Mr. Kelly. You know, infrastructure is important. And sometimes if you have the right infrastructure, you -- hate to say this -- you gain productivity. You don't need many personnel. But one thing I have learned today and I keep hearing -- and I think most of the members here on the panel are agreeing -- that your infrastructure needs to be changed. But what we need to do is make sure that we spend it properly, because it is taxpayer money, and that we come up with a plan that works for the long term, not the short term.

And I would be willing to work in this group that Mr. Becerra talked about to come up together with a plan, working together, to say: Here is how much we are going to spend. Here is why we need it, which I have had to do all my life in the business world. They would come and say: I need to spend X amount of dollars on infrastructure.

I said: Okay. Explain it to me. Tell me how long it is going to last. Tell me the -- these are the kinds of things that would be important because we are spending taxpayer dollars, but there is definitely a need.

So I thank you all for your testimony.

I yield back.

Chairman Johnson. Mr. Rice, you are recognized.

Mr. Rice. Thank you, Mr. Chairman.

I want to start out with you, Mr. Hayes. Why is it so hard? I mean, I know there are a lot of records, but it is not like we are using this computer system to design a rocket ship or something. We are just keeping records, right? This is a database, right?

Mr. Hayes. So the demands on how the data are used do evolve rather rapidly, and the ability to try to keep up with the operational use of the software systems can be very challenging.

Mr. Rice. What you are saying is to replace it and keep the old one running at the same time is what makes it hard? Is that what you are saying? I mean, this is a database program.

Mr. Hayes. So database structures have evolved. The technology that allows us to quickly access data, especially as the volume of data grows, the new technologies don't tend to work on old platforms, because those old platforms didn't have in mind --

Mr. Rice. But you can convert it.

Mr. Hayes. Yes, you can.

Mr. Rice. I don't understand why this is so difficult. Is it that the people running it incompetent to get it done? Is that the problem?

Mr. Hayes. Certainly not. It has been my experience, most people who have jobs like these do this out of a sense of loyalty to the mission they serve. So they are working as hard as they are able to in the structure they are working. This is for many men and women in uniform that defend our country as well as those working in the offices you have heard described today.

Mr. Rice. Well, certainly, we want to make sure the men and women in uniform are well taken care of and that the American public is, but we hear this threat that if we don't do something about this thing and get it modernized, then we can have disruptions in service, and it affects a lot of our GDP, what Social Security deals with every month.

What I am frustrated with is sitting here reading these reports, in particular yours, Ms. Byrd, about the fact that we have spent $300 million here and $280 million here, and we are still using COBOL, for God's sake.

Mr. -- I don't know you say your name. Warsinskey or --

Mr. Warsinskey. Warsinskey.

Mr. Rice. How long have you been at Social Security?

Mr. Warsinskey. A little over 40 years.

Mr. Rice. Four?

Mr. Warsinskey. Forty, I have seen a lot of change.

Mr. Rice. COBOL? You haven't seen that much change. You are still using COBOL, for God's sake.

Mr. Warsinskey. When I started, we just had teletype machines, and we didn't even have dumb terminals.

Mr. Rice. Maybe we should go back to abacuses. I mean, I guess maybe there is some advantage to COBOL, because probably the hackers out today, they probably don't know how to hack into it because they have never seen such antiquated stuff.

What is your position there?

Mr. Warsinskey. My position?

Mr. Rice. Yeah.

Mr. Warsinskey. I am the district manager in downtown Cleveland. And I am also -- that is my regular job. I am also president of the Social Security Management Association, but my regular job is I manage every day. I work with my staff. I hire --

Mr. Rice. Okay. So you are not over IT?

Ms. Melvin you are, right?

What is your position, Ms. Melvin?

Ms. Melvin. I would point to some underlining management problems.

Mr. Rice. What is your position, Ms. Melvin?

Ms. Melvin. Underlying management problems. We have noted over time --

Mr. Rice. What is your job, Mrs. Melvin?

Ms. Melvin. What is my job?

Mr. Rice. Yes.

Ms. Melvin. I am the director for information technology within --

Mr. Rice. So you are over IT?

Ms. Melvin. Yes, I do look at IT issues. We audit them.

Mr. Becerra. Within GAO.

Ms. Melvin. Yes, within GAO. I am not with SSA.

Mr. Rice. Okay. So you don't control this, but you do, sir. How long have you been with Social Security?

Mr. Klopp. Eighteen months.

Mr. Rice. Are you not embarrassed about this COBOL? I mean, good grief.

Mr. Klopp. I am not embarrassed. I take it as a challenge, and it is my job to try to fix it, which is why I'm here.

Mr. Rice. Why is it so hard? It is not like we are asking for these incredibly advanced systems. This is a database system.

Mr. Klopp. I think, first off, it is more than a database. We make decisions about who gets disability from the data. We make decisions about who gets SSI. There is lots of complexity in there. It is much more than just a database system.

Mr. Rice. Now, the COBOL system, that is the primary database, right? And that is the central function, right? COBOL is the foundation on which this whole database is built, right?

Mr. Klopp. COBOL is the business logic. The database itself is actually called DB2. COBOL is where we put the business logic. DB2 is where we put the data.

Mr. Rice. We have heard about these problems modernizing computer systems, not just from you all but from the IRS as well and I think other governmental entities as well. Why is it so much harder in government to modernize than it is in the private sector? Why is that so much more difficult?

Mr. Klopp. I think that there are two answers to that. One is -- it is very interesting. There are some commercial industries, in particular the insurance industry, which is a close analogy to SSA anyway, that basically is not modernizing. They are sticking with COBOL, and they insist they are going to stick with COBOL. I find that to

be a very odd stance. But there are several large insurance companies that are not modernizing. They are going to try to stick with what they have got.

I think that the issue comes back to funding. And I think you guys are spot on when you talk about, how do you fund this? How do you get return on investment? How do we demonstrate that there is a return on investment? I think what you are hearing from everybody today is that we know that there is return on investment. The question is, where do we come up with the investment?

Mr. Rice. Okay. I just have just have -- Ms. Byrd, you noted that we just spent $300 million on this DCPS with very little in return. Please tell me that the people who oversaw that are not going to oversee this, please tell me that those people are not -- no longer with Social Security, please.

Ms. Byrd. Mr. Klopp is new, and he has a new team supervising DCPS. And they have, in resetting the program, they created a single owner, which was one of the recommendations. So the original folks are not really involved.

Mr. Rice. But they are still there.

Ms. Byrd. They are still there. I don't really know. I can't speak to every single person.

Mr. Rice. Do we hold people accountable for $300 million dollar failures? I am just curious.

Ms. Byrd. In the IG world, we certainly report that and are very concerned about that. As far as what SSA management does, I can't speak to that.

Mr. Rice. I yield.

Thank you, Mr. Chairman.

Chairman Johnson. Thank you.

Mr. Dold, you are recognized.

Mr. Dold. Thank you, Mr. Chairman.

I appreciate it and apologize for being late but certainly appreciate you taking your time. I would like to follow up on some similar questions, because I think this is the thing that people are scratching their heads saying, "What in the world?"

Mr. Klopp, you have been with the Social Security Administration for 18 months. Where were you before that?

Mr. Klopp. I am sort of a Silicon Valley guy. I bounced around in some of the start-up companies and technology companies all over.

Mr. Dold. Perfect. So let's put your private sector hat on and let's consider this a board meeting. We understand how important Social Security is, absolutely vital. And the fact that we are looking at a database here that is basically out of date. We are still working on COBOL. And if we sat around a board of director's meeting here and you spent $300 million to be where we are today, what do you think a board would do based on the results that have been produced thus far?

Mr. Klopp. So the previous project where $300 million was spent and we didn't get much out of it, I believe the board would be very unhappy, and there would be some heads that would roll.

Mr. Dold. I find it also interesting that, as of just a week before this hearing, we hadn't received more than about three slides on what the plan of attack is going forward for this. And so I am just wondering in terms of the detailed plan going forward -- and I recognize you have got a monumental task in front of you. So please hear me: we want to be wildly successful. I just want to make sure that we are giving you the tools to be successful, because we can't be back here going through another hearing like this after wasting taxpayer dollars to come up with something that is not going to be functional.

Tell me about the plan. Is it adequate?

Mr. Klopp. Sir, I believe that it is adequate. I mean, there is a lot behind the plan. The fact is the plan is 20 pages. I think as I mentioned earlier, we have briefed your staff multiple times, so as the plan evolved, they have been briefed on it as it evolved. There is not very much in the plan that we had not briefed your staff on. As it evolved, with the exception of the financial models -- and by the way, I probably owe them a briefing to walk through in detail exactly how we came up with those financials and to help them share the confidence that I share that the financials that we put together are actually accurate and supportable. I think we are there, I do believe it.

Mr. Dold. Well, that is certainly good news. So, in your estimation, how long is it going to take to implement so we can actually have an updated system over at Social Security Administration?

Mr. Klopp. So, using these agile methods, what we believe is that, in each of the five areas that I talked about -- title II and title XVI, et cetera -- that we are going to be able to work to deploy some parts of the system in production in pretty short order once we get funded and get started. The definition of short order, it should not exceed a year. I will tell you the users have something to say about when we have built enough stuff to be sufficient to actually roll in production. So this part of -- agile is I can't say exactly when I roll the first bit in production. But our experience with the restart of DCPS is that we should be able to roll significant functionality, modern functionality, into production in the agency within a year of starting.

Mr. Dold. The team that was responsible before that is apparently still over at Social Security Administration that didn't produce the system and the team that you are assembling, do you have the team that you need, or is it still some of the folks that didn't get the job done last time that you relying upon?

Mr. Klopp. So it's interesting, the last time we did this, for reasons that are historical and go so far back before my time I actually don't even -- I haven't heard the stories right because it goes back to 2008. The decisions in 2008 were made that this system would not be built by SSA's systems department. This was built completely by contractors, and it was managed more directly by the business than by systems. That doesn't say that we weren't, you know -- we knew what was going on, and we provided a little bit of financial oversight and stuff like that. So I wouldn't sit here and say that we had no skin in the game, but we were not the primary drivers in that system. So what we are now doing is driving this new plan through SSA's systems organization. It is fundamentally different people.

Mr. Dold. Okay. Delighted to hear that.

Ms. Byrd and Ms. Melvin, just turning to you for a second. Both your organizations have conducted some pretty extensive oversight in the area of the IT modernization. How important is it in your estimation for the SSA to have a detailed plan in place? Is the plan that has been provided sufficient, in your estimation?

Ms. Byrd. So we only received the plan 2 days ago. Mr. Klopp was very kind to brief my staff for a couple of hours last evening. I can't really opine on the adequacy of the plan. We will be happy to take a deeper dive and get with you at a later date.

As far as the importance of this, the OIG has gone back many, many years recommending that these changes be made, that the 60 million lines of COBOL be modernized. So we clearly believe that we are at a critical point. Technology changes every single day, so we can't wait for -- we have people retiring. We have a new generation coming in, so it is imperative in our opinion.

Ms. Melvin. From my perspective, also, we only recently saw the plan, so I can only speak preliminarily. Based on what I am seeing, I would certainly have questions about the content and what exists behind the slides that we have all spoken to today. When I speak in particular about the cost estimation, I think there are some important questions to be asked there relative to what information and analysis is underlying the cost figure that is included in the plan.

The GAO cost estimation guide identifies a number of characteristics of what we call comprehensive, well-documented, accurate and credible cost estimations. So, from our perspective, it would be extremely important to know more about what exactly supports the figures that are being presented in this plan, how they are justified, and what analysis is there to support that.

Mr. Dold. Thank you. My time has expired. But let me just close by saying we need you to get this right, and we want you to successful. The country is counting upon it.

I yield back.

Chairman Johnson. Thank you.

And listen, I appreciate you all testifying today. Keep up the good work. It seems like it is a never-ending problem to fix this. You know, we built two new facilities with for systems, and it seems like we should have gotten it fixed then, but we didn't. So I just want to thank you all for your testimony and thank the member that is left.

Mr. Becerra. Mr. Chairman, may I add something before you close?

Chairman Johnson. Yes.

Mr. Becerra. I think we are beginning to recognize how important it is to try to be with them as we try to stay on top of them. Those two centers that were built, my understanding is those were hardware. Those gave you more infrastructure capacity, but your issues are more software and the interconnectivity and all the issues that come with making use of the better hardware you have. And COBOL and all that, that is software. What we have to do is make sure that now complement what you have now in your hardware with up-to-speed, up-to-date software. It can be pretty tricky and complex. I think that is where it is going to be really important that you have eyes from outside of this system watching you as well.

Mr. Chairman, I think this is clearly one of those areas if we just sort of stay on top of it ourselves, we will have a greater comfort level about where to go with this proposal that they have put forward.

Chairman Johnson. Social Security's aging, and outdated IT is a real problem. So I think it is time to fix the systems, and I appreciate you all taking the effort to get it done.

Social Security has to get it right the first time, because we can't keep throwing money at it. The American people deserve no less. I thank each and every one of you for being here and for helping resolve this problem. Thank you so much.

With that, the subcommittee stands adjourned.

[Whereupon, at 11:27 a.m., the subcommittee was adjourned.]

Questions for the Record

Public Submissions for the Record